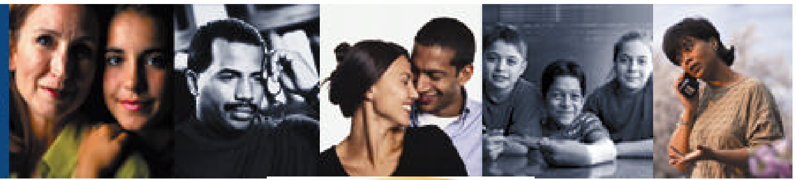
EAP EMPLOYEE ASSISTANCE PROGRAM



Your EAP Newsletter brought to you by FedSource

Property Taxes

As a homeowner, you'll be required to pay property taxes on your home. In many cases, these taxes are collected on a monthly basis by your mortgage lender, which holds them in an escrow account and advances them to the tax authority on your behalf as they become due.

Paying the Tax

It is a good idea to keep an eye on how much your lender collects for taxes each month. Generally, the amount a lender collects for your tax account shouldn't be much more than the actual amount you will owe for taxes, although it is reasonable for a lender to collect a small amount over the expected tax bill to account for any change in valuation or the amount you are assessed.

The Tax Assessment

The amount of property tax you'll have to pay is typically based on the local taxing authority's assessment of the value of your property. In most cases, this value is calculated by comparing your property to others in the community that are comparable in size, age and condition. In most communities, you'll receive a notice of the assessed value of your home each year from the taxing authority.

Challenging the Assessment

If your assessment increases dramatically or if you think it is inaccurate or otherwise unfair, you have the right to challenge the assessment. Your assessment notice will usually provide the exact details for appealing the assessment, but generally you have to give written notice of your intention to appeal the assessment within a specified time period, such as 30 days. If you miss the cutoff date, you lose the right to appeal that year's assessment.

In order to get a reduction in the assessed value of your property, you will have to provide evidence that the assessment is wrong. For the most part, you don't need the help of a lawyer to challenge a property-tax assessment, nor do you need to hire one of the many companies that claim they can reduce your property taxes for you. Since the procedures for representing yourself are relatively straightforward, you can probably handle the early stages of an appeal on your own. If you do represent yourself and you don't obtain the result you want, a lawyer's help may be worthwhile in pursuing any further appeals, because the procedures become more complicated.

Child and Dependent-care Tax Credit

When filing your federal income-tax return, you may be able to take advantage of a tax credit available for qualifying child or dependent care expenses. In addition, certain expenses paid on behalf of a child or dependent may qualify as deductions on your tax return.

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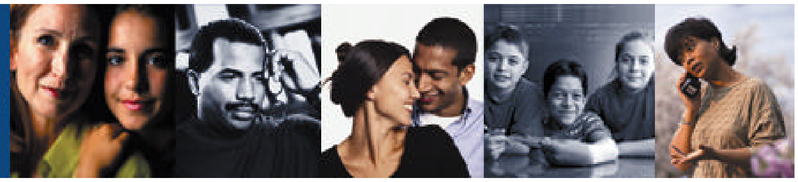

A credit is allowed for a portion of qualifying child or dependent care expenses, paid for the purpose of allowing the taxpayer to be gainfully employed.

Who Can Claim this Tax Credit?

To be eligible for this credit, the taxpayer must maintain a household for one of the following:

- A person under the age of 13 who can be claimed as a dependent
- Any other person who is physically or mentally incapable of caring for him or herself and, in most cases, who can be claimed as a dependent by the taxpayer
- A taxpayer's spouse who is physically or mentally incapable of self care
- Certain dependent children of divorced parents
- A disabled spouse or dependent who must regularly spend at least eight hours per day in the taxpayer's home

To claim this credit you must complete Form 2441 and attach it to your federal tax return.

What Types of Expenses Qualify for the Tax Credit?

Qualifying expenses include expenses paid for in-home services related to the care of a qualifying individual, such as nanny services and home-health aid. Services outside the home, such as day care, qualify if they involve the care of a qualified child or a disabled spouse or dependent.

How much is the Tax Credit?

The maximum amount of expenses that can be applied to the credit is $3,000 for one qualifying child or dependent or $6,000 for two or more children or dependents. The credit is equal to 35 percent of related expenses for taxpayers with income of $15,000 or less. Taxpayers with income over $43,000 can deduct 20 percent of the expenses.

Dependent care Deductions

If you can claim a child or family member as a dependent on your tax return, then you can deduct certain expenses that you incur on behalf of that individual during the year. For example, you can include medical expenses as part of your itemized deductions to the extent that they exceed 7.5 percent of your adjusted gross income.

In order to claim someone as a dependent on your tax return, you must furnish more than one-half of the total support provided during the year before claiming an exemption for that dependent. Total support includes, but is not limited to, such things as the rental value of lodging furnished to a dependent; the cost of food, clothing, education, medical and dental care; gifts; transportation; church contributions; and entertainment.

If you have other EAP concerns, please call the toll free number, **1-888-290-4EAP** or TDD access at 1-800-697-0353. This employee/family benefit is provided by your employer. "For information related to your everyday concerns, go to www.GuidanceResources.com. "First Time Users" will be prompted for their company ID: **FEDSOURCE**, to register and create your own username and password.